

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 ISO-00 COME-00 TRSE-00

OMB-01 STR-04 CEA-01 CIEP-02 L-03 H-02 SP-02 SS-15

NSC-05 CIAE-00 INR-07 NSAE-00 PRS-01 USIA-15 PA-02

IO-13 FRB-01 AID-05 /118 W

-----221452Z 012263 /42

P 212025Z JAN 77

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 9476

INFO USDA WASHDC PRIORITY

AMEMBASSY BRASILIA

AMEMBASSY LONDON

AMEMBASSY SAN SALVADOR

AMEMBASSY ABIDJAN

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BOGOTA 0691

USDA FOR FAS

TAGS: ETRD, EAGR, CO

SUBJ: GOMEZ JARAMILLO SPEAKS OUT ON COFFEE SITUATION

REF: BOGOTA 00586

1. IN AN INTERVIEW ON THE TELEVISION PROGRAM REPORT TO COLOMBIA, ARTURO GOMEZ JARAMILLO, MANAGER OF THE COLOMBIAN COFFEE FEDERATION, DISCUSSED AT LENGTH THE COLOMBIAN POSITION ON THE CURRENT COFFEE SITUATION. COVERING MUCH THE SAME GROUND AS HE HAD EARLIER WITH EMBASSY OFFICERS (REFTEL), GOMEZ JARAMILLO SAID THAT COLOMBIA WOULD PROPOSE AT THE UNCLASSIFIED

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UPCOMING COFFEE MEETING THAT PRICES BE STABILIZED ON THE BASIS OF THE REGULATORY INSTRUMENTS CONTAINED IN THE ICA AND THAT, SPECIFICALLY, IT WOULD BE NECESSARY TO NEGOTIATE QUOTAS AND A BAND WITH UPPER AND LOWER LIMITS WITHIN WHICH PRICES WOULD BE ALLOWED TO FLUCTUATE ON THE BASIS OF MARKET FORCES. GOMEZ SAID THAT SUCH AN APPROACH WOULD REQUIRE AGREEMENT OF BOTH PRODUCING AND CONSUMING COUNTRIES AND THAT, IN EXCHANGE

FOR PRICE STABILIZATION NOW, THE PRODUCING COUNTRIES WOULD HAVE TO AGREE TO A FORMULA BY WHICH AN OVERPRODUCTION OF COFFEE SEVERAL YEARS FROM NOW WOULD NOT LEAD TO A DRAMATIC DROP IN PRICES AND, CONSEQUENTLY, INCOME FOR THE PRODUCING COUNTRIES. HE ADDED THAT HE DID NOT EXPECT THE CONSUMING COUNTRIES TO AGREE TO HIS PROPOSAL IMMEDIATELY AND THAT LONG AND DIFFICULT NEGOTIATIONS WOULD BE NECESSARY.

2. AS HE HAS IN THE PAST, GOMEZ EXPRESSED CONCERN AT THE EFFECT HIGH PRICES HAVE ON CONSUMPTION, POINTING OUT THAT IT IS EXTREMELY DIFFICULT TO RESERVE A DECLINE IN PER CAPITA CONSUMPTION. HE EXPRESSED THE OPINION THAT THE ROASTERS WOULD HAVE AN INTEREST IN PRICE STABILIZATION SINCE IT WOULD PERMIT THEM TO MAKE LONG RANGE PLANS AS REGARDS STOCKS, PROMOTION AND SALES LEVELS.

3. WITH REFERENCE TO THE SUPPLY SITUATION, GOMEZ SAID THAT A DETAILED EXAMINATION WOULD DEMONSTRATE THAT THE FIGURES CURRENTLY BEING USED OVERESTIMATE THE AVAILABILITY OF COFFEE. IN THE CASE OF COLOMBIA, HE SAID, THE FIGURES USED IN LONDON SHOW THAT AS OF LAST SEPTEMBER 30 THE COUNTRY HAD 1.8 MILLION BAGS IN CARRY-OVER STOCKS WHEN, IN REALITY, THE FIGURE WAS CLOSER TO 1.3 MILLION BAGS IN CARRY-OVER AND 500 TO 600 THOUSAND BAGS FROM THE 1976-77 COFFEE YEAR HARVEST. MOREOVER, THE CARRY-OVER FIGURE INCLUDES AROUND 700 THOUSAND BAGS RESERVED FOR DOMESTIC CONSUMPTION AND NOT DESTINED FOR THE EXPORT MARKET.

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